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SUBJECT: ECUADOR LABOR UPDATE

REF: QUITO 2642

[1](#)1. (U) Summary: Following are recent labor-related developments of interest:

- Changes at the MOL (para. 2)
- MOL Izurieta Meets With Congress' Paez (3)
- Chamber of Commerce Challenges Subcontracting Decree (5)
- Hunger Strike by Public Sector Workers (6)
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- ILO Reaches Out To Unions (9)
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- CRS DOL-Funded Child Labor Project Underway (12)
- Former Petroecuador Workers Remain Jobless (13)
- Immigrants Vulnerable to Employer Abuse (14)

Changes at the MOL

[1](#)2. (SBU) At a December 2 meeting, Ministry of Labor (MOL) Finance Director Genny Velez told LabOff the MOL will be reorganized starting in January 2005. The Ministry will be renamed the Ministry of Labor and Employment, and will get computers for every office, including a computer for every labor and child labor inspector. The MOL will also begin publishing a regular statistics bulletin. (We have been urging this to complete our reporting requirements.) Velez said that during a conference in Cancun, she had visited Mexican job banks and would like to promote the same in Ecuador. Velez requested USG assistance in bringing Mexican experts to advise on this project. We will investigate options within the Mission and Washington agencies.

MOL Izurieta Meets with Congress' Paez

[1](#)3. (SBU) Velez said she and Minister of Labor Raul Izurieta had met with Andres Paez, President of the Labor Commission in Congress, earlier on December 2. According to Velez, Izurieta and Paez discussed labor reform, particularly of some specific issues raised in the National Labor Council such as eliminating or reforming mandatory company retirement schemes and setting a maximum number of days for strikes. They also discussed the subcontracting law proposals currently under review in Congress. Velez said Paez will raise the proposals at the next session of the National Labor Council. As far as we know, this would be Paez's first invitation to attend a National Labor Council meeting.

[1](#)4. (SBU) In a December 1 meeting, Paez told PolChief and LabOff he had already unified the four subcontracting law proposals in Congress. Paez also requested funds for computers and other equipment for the new oral system in the labor courts. By all accounts, the oral system has been very successful, reducing the average time of a labor trial from 2-3 years to 2-3 months, and will be implemented in other courts. We hope to be able to contribute to the reform's continued success and are investigating possible funding sources.

Chamber of Commerce Challenges Subcontracting Decree

[1](#)5. (SBU) Alberto Dassum, President of the Chamber of Industry of Guayaquil, informed EconOff on November 18 that a constitutional challenge to the presidential decree on subcontracting had been submitted to the Constitutional Court. Dassum said the Chamber had argued that the decree establishes obligations and restrictions that limit individual rights, and introduces regulations not covered in the labor code, both violations of the Constitution. Dassum said the Chamber would also try to convince the Labor Minister to modify the decree.

Hunger Strike by Public Sector Workers

[1](#)6. (U) On October 14, 41,000 public servant workers in the Ministries of Education, Agriculture, Environment, Government, and Commerce went on strike demanding a \$100 million 2005 budget to fund a public sector unified salary structure approved by Congress in September 2003. Eight

public servants went on a hunger strike on November 16 to pressure Congress to approve the requested funds. On November 30, Congress approved a total of \$60 million, \$30 million more than the \$30 million the Government had originally proposed to finance salary unification. Of the additional \$30 million, \$10 million will come from the Ministry of Economy and \$20 million will come from unrelated cuts in personnel costs. Public sector workers, however, continue to protest. Press reported that the Government planned to offer 5,000 retirement packages in 2005 to reduce the budget for salaries, funded with a \$100 million dollar loan from the Inter-American Development Bank (IDB).

Penitentiary and Health Worker Strikes

17. (U) In other strike action, penitentiary workers from 34 prisons nationwide went on strike November 26 to push Congress to approve \$78 million for their 2005 budget. The Government had only approved \$25 million.

18. (U) Meanwhile, approximately 14,000 health workers went on strike October 4 to demand the signing of a two-year collective bargaining contract which would take effect January 1, 2005. This was not a total or national strike, as some workers were not in favor of striking. The strike was suspended in early November, but health workers have announced they may strike again in December if the pact is not approved.

ILO Reaches Out to Unions

19. (SBU) On November 19, unions attended a meeting of the National Labor Council on November 18 where ILO Lima's Ricardo Hernandez Pulido gave a presentation on generating employment. Child labor ILO director in Ecuador Magne Svartbekk also held meetings with the leaders of all five union confederations encouraging them to stay engaged with the Council despite their misgivings about the Labor Minister's credibility.

MOL Working on Child Labor Issues

10. (U) Starting in early November, MOL-produced commercials with a child labor awareness message began airing on Ecuadorian television. According to Dr. Ruth Mosquera of the MOL's Child Labor Division, two spots will air for a total of three months. The message of the first ad is to respect the rights of working adolescents over 15. The message of the second is to eliminate child labor. The MOL is also planning a series of regional training workshops for those who monitor child labor inspectors. Representatives from NGOs, union, and other organizations accompany child labor inspectors to prevent corruption. The workshops will begin on December 15 and are scheduled for Quito, Guayaquil, and Cuenca. Mosquera said the MOL, in coordination with the ILO, held a workshop November 30 to increase child labor awareness among 40 businessmen and women in the flower sector.

11. (U) According to a report presented by the ILO on October 9, Ecuador, Guatemala, and Honduras have the highest rates of child labor in Latin America. In Ecuador, 41% of adolescents between 15 and 17 work while 15% of children 5 through 15 work. In the Andean region, 60% of child labor is in the agricultural sector.

CRS DOL-Funded Child Labor Project Underway

12. (U) Catholic Relief Services (CRS) has hired key staff for the \$3 million USDOL-funded child labor project awarded in September. Thus far, they have hired a Director (Alexandra Moncada), Education Specialist (Patricio Cajas), Evaluation Specialist (Luis Stacey from CARE), and one technical support person. CRS will be meeting on December 7 with a consultant, Donald Spears of Management Systems International, hired by USDOL to develop their operational plan. CRS plans to inaugurate the project in the first quarter of 2005.

Former Petroecuador Workers Remain Jobless

13. (SBU) LabOff met with Mario Escobar, former state petroleum company worker on October 5 at Escobar's request to discuss the 2003 firing of Petroecuador workers. Employees of the parastatal petroleum company claim they held peaceful meetings in June 2003 to protest against the new Minister of Energy and did not disrupt oil production. The Minister of Energy assumed direct control of oil production with support of the Armed Forces and accused the workers of sabotage and terrorism. The Acting Vice Minister of Labor then gave the Energy Minister permission to fire the 33 workers without compensation. In August 2004, the Supreme Court found the

workers innocent of the charges. Twenty workers are filing court cases to receive indemnization since under the labor code reinstatement is not required for illegally firing workers engaged in union activity.

Immigrants Vulnerable to Employer Abuse

14. (U) Press reported that day laborers from Colombia and Peru receive lower wages and worse working conditions than their Ecuadorian counterparts. Foreign workers seek employment in Ecuador to earn higher wages. Luis Urgiles, human rights ombudsman for Azuay province, publicly claimed that Peruvian workers in the region do not make formal complaints despite receiving bad treatment from employers.

KENNEY